

POWERLINE

WINTER 2009

NEWSLETTER OF THE SOUTHEASTERN POWER ADMINISTRATION

CALENDAR OF EVENTS



NRECA Annual Meeting

February 15-18, 2009
New Orleans, LA

PMA Task Force Meeting

February 25, 2009
Washington, DC

Information Management Conference

March 2-6, 2009
New Orleans, LA

SERC 2009 Spring Joint Meeting

March 11-13, 2009
Raleigh, NC

Southern Illinois Compliance Audit

March 16-20, 2009
Marion, IL

SERC System Operator Conferences

April 6-9, 20-23, 2009
Columbia, SC

SERC Restoration Exercise

April 15-16, 2009
Charlotte, SC

AMEA Power Supply Conference

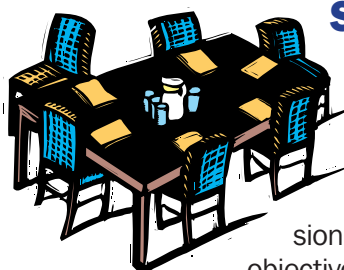
April 17, 2009
Opelika, AL

SERC System Operator Conferences

May 4-7, 11-14, 2009
Atlanta, GA

Team Cumberland Held January 22 in Nashville

Team Cumberland met Thursday, January 22, 2009, in Nashville, TN. Representatives from the preference customers, Southeastern, and Corps of Engineers' headquarters, Lakes and Rivers Division, Nashville District, and Hydro Design Center (Portland, OR) attended.



Southeastern Develops New Strategic Plan

Southeastern's employees recently participated in a two-day strategic planning session. The purpose of the session was to develop a five year plan that includes objectives, strategies, and action plans for Southeastern to fulfill its mission and to adhere to the Department of Energy's goals and objectives. The facilitated session concluded on January 29.

FY 2009 and 2010 Budgets

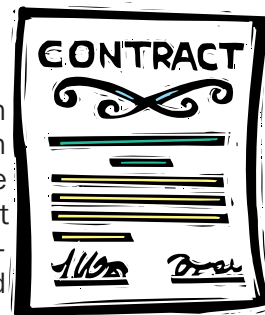
Given the recent change in administrations, Southeastern does not yet have firm dates for budget implementation. It is anticipated that the FY 2009 budget will be approved sometime in April. We expect the FY 2010 budget will go to the Office of Management and Budget on March 31, 2009, and then to Congress for review on April 21, 2009. Offices within the Department of Energy (DOE) and other Federal agencies have been developing studies regarding how to implement portions of the Federal economic stimulus package. DOE expects to receive its allocation of the package by mid-February this year.

Jim Woodruff System Rate Adjustment

Approval of the current rate schedules for the Jim Woodruff System expires September 20, 2009. Southeastern is in the process of preparing a Notice of Proposed Rate Schedules that will be published in the Federal Register in the near future. Southeastern plans to meet with the Jim Woodruff customers prior to the publication of proposed rate adjustment. In addition to the rate adjustment, Southeastern plans to discuss the establishment of customer funding for the Jim Woodruff Project.

Replacement Power in the Georgia-Alabama-South Carolina System

Additional letter agreements were executed between Southeastern and 11 cooperatives in Georgia, one (1) cooperative in North Carolina, and 10 municipals in South Carolina to forego their ratable share of purchased power. This decreases the amount of replacement power Southeastern is required to purchase to fulfill contract minimums. Since August 2008, 30 preference customers have signed these agreements.



Kerr-Philpott System Customer Funding

The Sub-agreement for Work Item #1 in the Kerr-Philpott System was executed on December 23, 2008. Total funding for Work Item #1 – replacement of high tension oil filled cable for the Kerr Power Plant – is \$4,394,000. An overview letter and exhibits for this work item was sent to 48 participating customers in the Kerr-Philpott System.

Memorandum of Agreement Amended

The Memorandum of Agreement (MOA) between the Corps of Engineers' South Atlantic Division, Southeastern, and Southeastern Power LLC (as a representative of the participating customers) was amended in December 2008. This amendment revised the dollar threshold requiring the Director of Civil Works' signature of sub-agreements from "in excess of \$3 million" to "in excess of \$15 million" for customer funding in the Georgia-Alabama-South Carolina or Kerr-Philpott Systems.

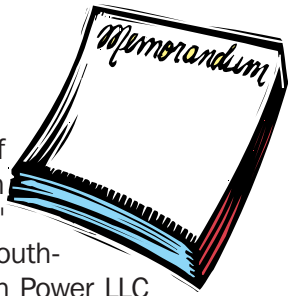
Saluda Members Join Central Electric Power Cooperative

The five members of Saluda have joined Central Electric Power Cooperative (Central). A new contract was finalized between Southeastern and Central to incorporate the new members. A new scheduling contract between Southeastern and the South Carolina Public Service Authority was drafted to incorporate the change in Central's new load. Southeastern anticipates the final contract to be executed in the near future.

Cumberland System Customer Funding

Southeastern, the Corps of Engineers Ohio River Division, and Cumberland rehabilitation sponsors signed the 2008-2009 MOA and the first of three Sub-agreements on November 7, 2008. The parties plan to agree on at least three consecutive sub-agreements for FY 2008 and FY 2009. The first is \$8 million; the second estimated to be \$12 million; and others for any remaining balance of FY 2009 Section 212 funds estimated to be available in the Cumberland System. The first Sub-Agreement will fund \$8 million in repairs to the Barkley and Old Hickory projects and includes the following five work items:

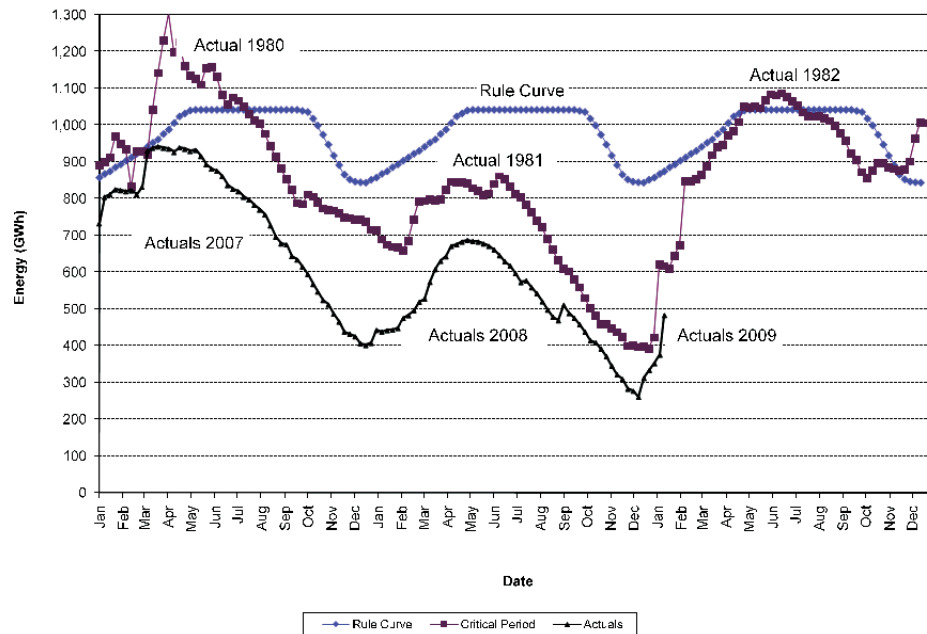
- Work Item #1: Planning, Engineering, and Design of Barkley Powerhouse Crane
- Work Item #2: Planning, Engineering and Design of Rewind Generator #4 at Old Hickory
- Work Item #3: Rehab and Repair of Barkley Powerhouse Crane
- Work Item #4: Rewind Generator #4 at Old Hickory
- Work Item #5: Emergency Work and Reserve



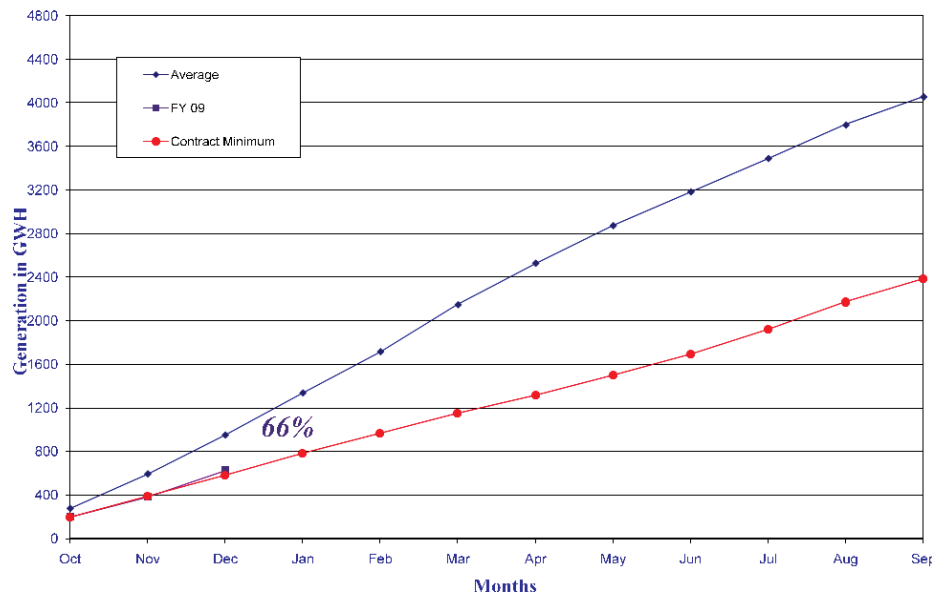
Energy Efficiency Workshops

Southeastern's Energy Efficiency and Renewable Energy Program is interested in cosponsoring educational and training events. Funding is limited. Interested persons should contact Al Pless at Southeastern, (706) 213-3847.

GEORGIA-ALABAMA-SOUTH CAROLINA SYSTEM Energy-In-Storage 2007 - 2009



GA-AI-SC System FY 09 Cumulative Net Generation



PowerLine and other SEPA publications are posted on our website: www.sepa.doe.gov.

For more information contact Melissa Sease, Public Affairs Office (melissas@sepa.doe.gov), 706.213.3812.

GA-AL-SC System Update

Allatoona #1 (35MW):

- Unit #1 out of service due to transformer failure.
- Request for proposal for replacement transformer to be advertised February 2009.
- COE continues to work on modification plans for project switchyard.

George Rehab:

- The rehab work on Unit #3 continues. Scheduled return of Unit delayed until February 2009.
- Rehab work on Unit #4 is scheduled to begin at that time.

Hartwell #5:

- COE in the process of developing a scope of work to have unit manufacturer address the problems identified.
- Repair work required on rotor spider, rotor rim, an re-shaping work on unit stator.

Russell #5, 6, 8

- Units out due to vibration and alignment problems.
- Oil leaks and "O" ring problems identified on the leveling system of Unit #6. These repairs are currently being completed and the Unit will be tested. COE plans to investigate to see if this problem may be common to each of the units.

Cumberland System Update

Customer-Funded Basin Study:

- The contractor for the Cumberland System Basin Study should have developed the system rehabilitation program plan by April 2009. The report will include a 20-year program plan, a 5-year detailed plan, and tracking and reporting plans.

Long-Term Cumberland System MOA:

- Southeastern, the preference customers, and the COE continue discussions in an effort to develop a long-term MOA. The parties anticipate having the document in place by October 2009.

Wolf Creek Dam Safety Issue:

- The cutoff wall contractor in the process of mobilizing at the project.
- Installation work on the wall should begin this summer and completed in early 2012.
- Weekly Progress Report available online:
www.lm.usace.army.mil/WolfCreek

Center Hill Dam Safety Issue:

- The contractor continues work on the staging areas of the project. Once this preparation work is complete, the grouting program will begin at the dam.
- Work at the dam should be completed by the end of 2013.
- Information on Center Hill is available online: www.lm.army.mil/CenterHill

Kerr-Philpott System Update

John H. Kerr Unit #7 (36MW):

- Rehab work on Unit #6 completed.
- Work on Unit #7 begun and should be completed in July 2009.

Jim Woodruff System Update

Unit Control and SCADA Systems:

- Installation work on the control and SCADA Systems continues.
- Work is currently underway on Unit #2 and scheduled to be completed in August 2009.
- Project peaking operation continues, provided project inflows exceed 6000 cfs.